5

List of Attachments:

A. Mees Pierson, European Food Retail Sector, February 1999

B. Merrill Lynch, WalMart and Food Retailing Consolidation, September 1998

C. HSBC Securities: Food Retail, April 1998

D. The Age, 20 March 1999, p 16. "Outstanding Career Opportunities in Retailing"

E. History of Australia's Beef Industry, Cattle Council Australia

F. Herald Sun, 15 October 1998. "It's cheaper Down Under"

G. Groceries: Competition Fact Sheet, Coles Myer with ABS data

H. Submission by Coles Supermarkets to the Productivity Commission Inquiry into the Impact of Competition Policy Reforms on Rural and Regional Australia

Attachment A

3. Industry trends

Consolidation and emerging market growth are the main drivers for profit growth

Modest private consumption growth, fierce competition and wafer-thin margins in general in mature markets are increasingly prompting food retailers to focus on profit growth. Besides the huge efforts in supply chain management, increase in private-label share and more efficient logistics (as discussed in our previous reports), there are basically two strategies that food retailers are following in order to raise their profit.

1. There is the clear trend towards consolidation in the industry. The ultimate goal is to use the larger critical mass to reduce costs per store and serve customers better.

2. Food retailers are increasingly looking for markets where growth rates are higher and competition is less organised, and therefore are rapidly opening up shops in Latin America, Asia and Central Europe.

3.1. Consolidation

Glocalisation is the way to success...

It is imperative for a food retailer to build a strong connection with local markets and become powerfully embedded in the cultures they serve, in other words, they must know the local customer. At the same time, the success of food retailers is depending on generating synergies within and between markets in order to raise efficiency. Therefore, companies need critical mass to drive down costs per store. This can be summarised in Kroger's slogan: buy big, sell small (**be global, act local**).

... and consolidation is the name of the game

Although consolidation in the food retail sector is not new, the past few years have seen a tidal wave of mergers and acquisitions. The table below shows a few of the large food retail transactions of 1998.

Large Deals in 1998

		Turnover			Turnover
Kroger	US	$ 26.6bn	Fred Meyer	US	$ 15bn
Albertson's	US	$ 14.7bn	American Stores	US	$ 19.1bn
Ahold	NL	$29.5bn/EUR 26.5bn	Giant Food	US	$4.2bn
Carrefour	France	EUR 27.5bn	Comptoirs Modernes	France	EUR 5.5bn
Metro	Germany	EUR 29.0bn	Allkauf/Kriegbaum	Germany	EUR 3.5bn
Somerfield	UK	GBP 2.7bn	Kwik Save	UK	GBP 3.5bn
Safeway	US	$24bn	Dominicks	US	$2.4bn

The underlying rationale for these corporate moves is pretty simple. In a mature market, when there is little room to grow by opening new stores, companies search to reduce costs and leverage their size to operate more efficiently. Critical mass and a strong position in the home market are becoming increasingly important in food retailing today owing to:

- Cost of IT and logistics (related to Efficient Consumer Response),
- Cost of marketing (advertising, loyalty cards)
- Difficulty in obtaining new store locations
- The need to obtain better purchasing terms from suppliers (which are also on a consolidation wave)
- Need to fend off the ever-stiffening competition.

Further consolidation in the food retail sector should lead to lower stock levels, a higher proportion of private-label products and stronger position (purchasing power and influence in the supply chain) vis-à-vis suppliers. In short, it should improve profitability.

This trend can be seen at single-brand retailers (Carrefour, Ahold in the Netherlands). But it is also very clear at multi-format retailers that are in fact involved in portfolio management of their stores. Casino, for example, is transforming some of its underperforming supermarkets into the more suitable Leader Price format and Laurus is converting several stores to formats that will perform better against competitors in the market, thus raising profits per store.

Further consolidation is around the corner

We expect a strong increase in concentration both in the US and in Europe. The United States still have a relatively fragmented supermarket structure. Supermarkets in Europe prepare themselves for 2002, when the EURO will be the only official currency. They want to be as strong as possible to reap the synergy benefits (e.g. central purchasing and logistics, exporting store formats) within Europe.

Mature/maturing markets are rapidly consolidating, both in the US...

The food retailing landscape in the US has changed rapidly. To name a few major deals, Kroger acquired Fred Meyer, taking over pole position from the previous number one – the Albertson's and American Stores combine –, Safeway took control of Dominicks and Ahold took over Giant Food Inc. As the table below shows, this has totally transformed the US food retail scene. But still, the top-5 holds only one third of the total $450bn US market and none of them has full national coverage.

US food retail sector: rapidly consolidating

1996 - Sales (US$ bn)			Current annual sales (US$ bn)		
1	Kroger	24.8	1	Kroger incl. Fred Meyer	43.0
2	American stores	18.7	2	Albertson's/American Stores	36.0
3	Safeway	17.3	3	Safeway incl. Dominicks	25.6
4	Wal-Mart Supercenters	15.1	4	Wal-Mart Supercenters	25.1
5	Albertson's	13.8	5	Ahold incl. Giant Food	20.1
6	Winn Dixie	13.2	6	Winn Dixie	14.1
7	Ahold + Stop & Shop	11.2	7	Publix	11.2
8	Publix	10.4	8	A&P	11.0
9	A&P	10.1	9	Food Lion	10.2
10	Food Lion	9.0	10	H.E. Butt Grocery Co.	5.3

These moves were triggered by fierce competition, but also by the fact that Americans are eating out more frequently, thus reducing their average shopping basket, leading to food retailers having a lower share in the total food consumption pie. Moreover, an increasing number of non-food retailers (such as supercentres and drugstores) offer foods at discount prices to attract customers.

Of the companies in this report both Ahold (with a watchlist of five candidates) and Food Lion (controlled by Delhaize) continue to be on the lookout for further acquisitions of small to mid-sized chains by which to strengthen market position further and enhance cost-saving opportunities.

4. Large Food Retailers Should Benefit From Consolidation

The food retailers are a force to contend with in their own right. Even without other retailers trying to steal a piece of their pie, industry growth is stagnant and therefore a constant challenge. US population growth has trailed off and inflation has not positively impacted food prices since the early 1990's. Yet, large retailers have managed to consistently drive increases in comparable store sales, total sales and profitability through investments in systems, distribution and newer stores. Without these improvements, the supercenter and "small-mart" threat would be much more serious.

Large Food Retailers Average Operating Statistics

	1990	1991	1992	1993	1994	1995	1996	1997
Avg. Sales	9,576.0	9,898.3	10,042.2	10,465.1	10,777.3	11,169.2	11,921.3	13,617.3
Comp Store Sales	2.90%	0.94%	0.07%	0.85%	1.61%	2.15%	2.04%	1.64%
Square Footage Growth	3.6%	2.6%	3.7%	3.2%	2.5%	4.5%	4.5%	4.0%
Operating Margins	4.35%	3.69%	3.50%	3.62%	3.59%	3.86%	3.90%	3.98%
Sales per Square Foot	385.5	385.3	378.6	374.5	374.4	376.7	374.4	376.6

Source: Company Reports

■ Food Retailers Know Their Loyal Customers and Understand How to Keep Them

Retailers have invested in systems to collect and make sense of customer buying habits through loyalty cards. Thus when a competitor opens against it, the data can be used to determine which customers were lured away and the best method to counterattack. For example, if a 'small mart' opens up and Kroger sees a disproportionate number of customers who used to buy pharmaceuticals disappearing, it can offer discounts on pharmacy or even send coupons to customers it sees as "vulnerable" to keep the sales.

■ Retailers are Attracting Customers Based On Ambiance, Service, and Quality of Perimeter/ Perishable Departments

Supermarkets are bigger and in better condition than ever before. Food retailers are opening up stores that are, on average, 53,000 square feet. The size of the dry grocery department is no larger than at a 35,000 square foot store, but the "extras" such as banks, delis, floral and home meal replacement and smaller competitors are gaining prominence. The strategy is to compete in areas where Wal*Mart and smaller competitors are less focused.

■ Efficiency Gains Allow for Price Reductions

As efficiency on the store level has been achieved, gross margin investment in price has been possible without sending operating margins backward. Safeway claims that a basket of groceries in 1998 would cost *less* than the same basket five years ago. Thus the price differential between a food retailer and supercenters/ warehouse clubs is coming down.

■ Wal*Mart Buys Better, but Large Retailers are Catching Up

The Wal*Mart buying power and distribution network is formidable, but the large food retailers are making steady inroads. The Albertson's combination with American Stores would result in a $36 billion food retail giant, and, given American Stores experience with centralized procurement, a powerful force for vendors to deal with. Kroger is finally flexing its $26 billion in buying power by coordinating "Big Buy/Big Sell" promotions across all its 15 divisions (HBA/GM is now centralized, not just coordinated"). By lining up all the manufacturers of

Attachment C

Appendix

Disaggregated company data

Main Facia Operating Margin

Financial Year (£m)	1991/2 Yr	1992/3 Yr	1993/4 Yr	1994/5 Yr	1995/6 Yr	1996/7 Yr	1997/8 YrE	1998/9 YrE	1999/00 YrE	2000/1 YrE
Sainsbury S'markets	8.7%	9.2%	8.4%	8.7%	7.8%	6.6%	6.6%	6.5%	6.6%	6.5%
Tesco	6.9%	7.3%	6.4%	6.5%	6.4%	6.1%	6.2%	6.1%	6.0%	6.0%
Safeway	7.5%	8.1%	7.2%	7.0%	6.9%	7.0%	6.2%	5.7%	5.8%	5.8%
Asda	4.3%	4.5%	4.3%	4.7%	5.2%	5.3%	5.3%	5.4%	5.5%	5.6%
Kwik Save (Ex rental income)	4.3%	4.1%	4.0%	3.2%	1.9%	1.8%	1.1%	0.8%	0.7%	0.6%
Morrison (Ex rental income)	5.9%	6.1%	6.2%	6.5%	5.9%	5.9%	6.1%	6.2%	6.2%	6.2%
Ice	6.5%	6.2%	5.9%	5.7%	5.6%	4.3%	4.2%	4.2%	4.2%	4.1%
Somerfield	-	-	-	-	-	3.6%	4.0%	3.9%	3.9%	3.8%
Total	6.7%	7.1%	6.5%	6.5%	6.2%	5.7%	5.6%	5.6%	5.6%	5.6%

PG 16 THE AGE 20-3-99 ATTACHMENT D

Outstanding Career Opportunities in Retailing

One of the world's leading grocery retailers is soon to establish operations in Australia. Founded in Europe, the Group is backed by thousands of stores in 8 countries across Europe and America. Their successful formula has ensured market share growth in the regions in which they participate and provided unique career opportunities for those who have joined the Group.

Their establishment in Australia will offer highly motivated young achievers the chance to join a team that will replicate in Australia its success in overseas markets. The Company has a unique management system based on the delegation of responsibility which empowers each individual to use their own expertise and initiative, taking full accountability for a significant part of the business. A fresh approach to grocery retailing based on an offer of top quality products guarantees unparalleled value for money.

For all positions in house training in Europe and Australia will lead to rapid advancement for those ready to accept the challenge of assuming responsibility at an early age. Pre-requisites to success in this organisation will be appropriate qualifications and experience but, more important will be: excellent inter personal skills; a strong work ethic with the ability to commit to a task; drive; energy; and the will to succeed.

The environment and culture will suit graduates with up to 4 years experience in retail or service related environments or professionals in similar roles. The potential rewards are outstanding from a financial and professional perspective.

BUYING MANAGERS

A rare opportunity to help establish a unique retail concept for Australia's newest food retailer.

Highly Attractive Salary Package **Location: Sydney**

This established food retailer already operates several thousand stores throughout the world and will continue expansion by bringing its streamlined and highly successful formula to Australia. Its business has been built on a limited range of high quality, value for money exclusive own brand products.

Your role as one of a small select team will be to build the buying activity of this new retail operation. Reporting to a Buying Director you will be responsible for a number of product categories offering you a breadth of buying experience and responsibility probably unparalleled in the market. This will involve recommending and implementing an agreed range plan to meet quality, price, margin and service levels. You will identify sources of supply, negotiate with and manage suppliers, and take responsibility for new product development and design.

To be considered you will need experience in high volume retailing with a medium to large group. Your experience will ideally include responsibility for a range of categories across a spectrum of grocery and fresh food products. Experience in sourcing house/own brands will be beneficial.

You will have developed your skills in a disciplined buying environment, have strong negotiation skills, a creative mind, commercial nous, and the ability to make decisions.

You will support these with strong interpersonal and internal and external relationship management skills which will have seen you gain credibility at a young age. The remuneration offered will reflect your experience, ability, and above all, potential.

Reference No. K730/01

DISTRICT MANAGERS

Manage your own portfolio of stores

Fast Track Career Development

Outstanding Salary Package **Location: Sydney**

District Managers are the individuals who drive the business, by providing clear direction and leadership to the store management teams. If you have the capacity to manage a group of stores with a background ideally in the grocery, convenience, quick service restaurants or petroleum retail sector and are up to the challenge of building a business with the support of a major international group, these are real opportunities to grow your career.

You will be a hands-on natural leader, with the capacity to instil confidence, demand excellence and provide continuous motivation. These are exceptional opportunities for young professionals to contribute to the development of this new business.

You will be given the responsibility to grow the business and develop its people. You will manage quality, costs and productivity providing leadership and motivation to store management and staff.

If you have graduate qualifications supported by up to 4 years experience in business these are exceptional opportunities. More recent graduates will be considered. A comprehensive training programme in Europe and Australia will provide you with insight into this Group's unique philosophy which underpins the company's approach.

Your energy, drive, interpersonal skills and ability to work with, and lead, multi site teams will ensure success and excellent rewards in this dynamic environment.

Reference No. K730/03

For further information on these opportunities, please contact Mark Lelliott or Anne Burley on (02) 9247 5588.

www.kfselection.com

K/F SELECTION

A DIVISION OF KORN/FERRY INTERNATIONAL

Please respond quoting the appropriate reference number in the subject line via email kfs.syd@kornferry.com or by fax on (02) 9251 9434. Written applications in strictest confidence to K/F Selection, Level 19, 1 Alfred Street, Sydney NSW 2000.

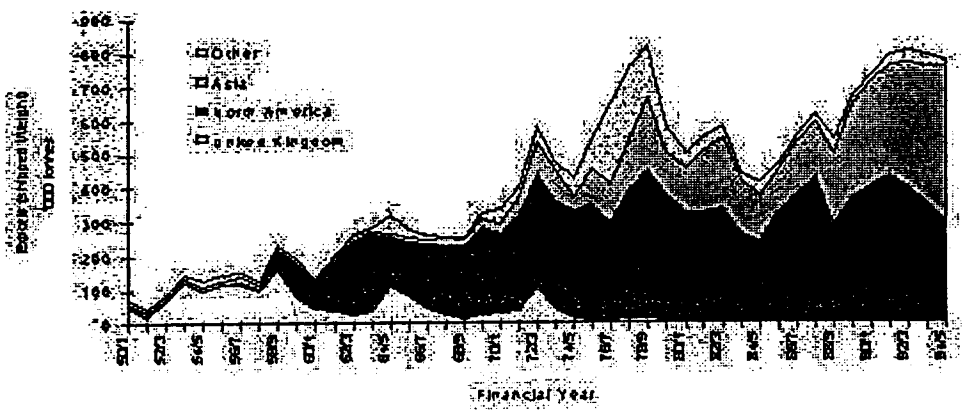
History of Australia's Beef Industry

When the first fleet arrived at Port Jackson with 1,000 people aboard 11 ships, their stores included two bulls and five cows loaded at the Cape of Good Hope. This was to be the humble beginings of the mighty Australian beef industry.

In a colony struggling to feed itself, cattle were to become critical both for milk and meat and each successive ship carried new stock. The industry grew rapidly with the first well-bred Shorthorns being imported in 1825 and Herefords in 1826. The pioneer cattlemen soon pushed into Queensland, the Northern Territory and Kimberley region of Western Australia. Shorthorn cattle soon proved to be well suited to this northern environment.

Australia's beef export trade began in 1880 with a world-first shipment of frozen beef carcases from Sydney to London. This trade to the UK grew steadily and peaked with the 15 year meat agreement from 1940 to 1955. As the UK market receded, the US took its place and became Australia's dominant export market throughout the 1960s and 1970s.

Australian Beef Exports by Destination:



The industry suffered a devastating slump in the mid-1970s triggered by the world oil crisis, world-wide recession, beef oversupply, the virtual closure of our markets in Japan and the UK and the dumping of subsidised European beef on world markets. The herd was subsequently liquidated from 33 million in 1976 to 25 million in 1981 and further reduced to 22 million by the end of the 1982/83 drought.

Despite substantial growth in Asian markets and further major technological improvements on-farm and in marketing, cattle industry returns remained stagnant through much of the 1980s.

In the first half of the 1990s, successive tightening of the restrictions under the US Meat Import Law (prior to its repeal in 1994), imposition for the first time of quota restraints to Canada and, in 1994/95, the substantial slump in the US beef market brought an end to the dominant position of the North American trade. The concentration on the export of cow beef for manufacturing purposes to North America gave way to a firm focus on the rapidly growing trade in quality steer beef to Japan, Korea, Taiwan and South East Asia. These Asian markets accounted for 60 per cent of Australia's beef exports in the 1990s compared to 25 per cent of exports in the late 1980s.

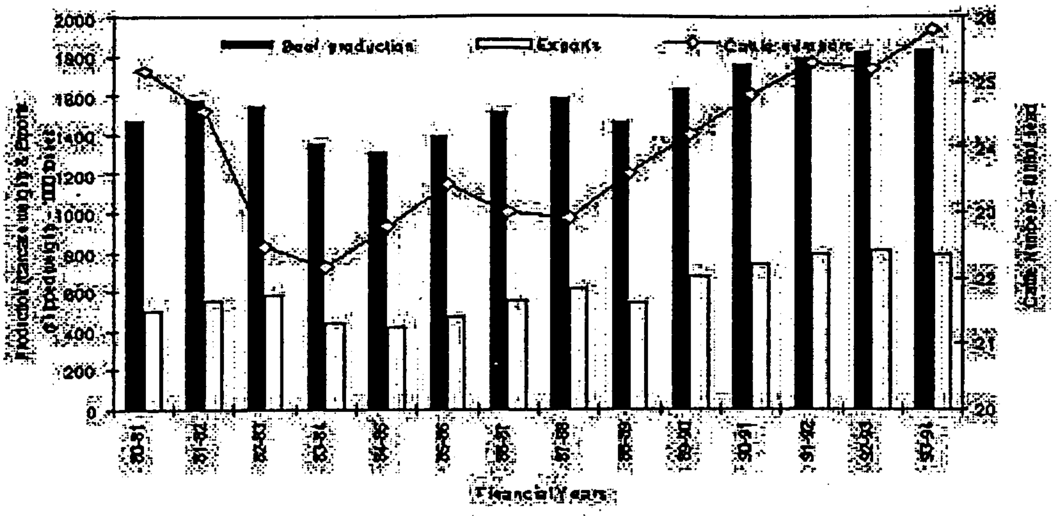
Behind the key cattle industry events outlined above, there is a history of impressive growth, innovation and change which spans over 200 years. In keeping with its pioneering forefathers, the industry has a fierce sense of independence and belief in the merits of competition and free trade. The industry does not seek or enjoy special assistance from government and is fully exposed to fluctuations on world markets.

In order to compete internationally, cattle producers have, from the earliest days, displayed fully the Australian flair for innovation and improvisation. The industry has used technological advances in biological science, machinery, transport and communications to great benefit over the years.

Continued productivity change over recent decades has enabled the industry to become an ever growing contributor to national income and exports.

In 1993/94 the Australian cattle herd of 25.8 million head was similar to the 25.2 million head which existed in 1980/81, yet beef production was 24 per cent higher than 1980/81, beef and veal exports 60 per cent higher and live cattle exports 140 per cent higher. Over these 13 years the industry's contribution to Australia's gross value of production rose by $1.9 billion or 90 per cent (from $2.5 billion in 1980/81 to $4.4 billion in 1993/94).

Beef exports grow despite similar cattle numbers (14 years to 1993/4)



Critically, the cattle industry has greatly improved Australia's international balance of payments through growth of $2.2 billion or 200 per cent in export earnings from beef and cattle over this 13 year period (from $1.1 billion in 1980/81 to $3.3 billion in 1993/94). This export growth accelerated in the early 1990s due to the industry's successful penetration of Asian markets with growth of $1.5 billion or 90 per cent in beef export earnings over the 5 years to 1993/94 and $145 million or 240 per cent in live cattle export earnings over the 4 years to 1994/95.

This growth has only been made possible by a more customer or end-user focus, more professional targeting of production to better meet customer needs and better communication and integration with the other stages of the beef production and marketing chain. These developments have guided and accelerated productivity improvements on farm.

Major recent advances include:

- Success of the Brucellosis and Tuberculosis Eradication Campaign (BTEC) in freeing Australia of these diseases w at one time had lowered overall efficiency and threatened international access and human health.
- New cattle genetics and rapid growth in cross-breeding.
- Australia's National Beef Recording Scheme, Breedplan.
- Self-mustering techniques and early weaning in the north.
- Specialisation in cattle turn-off.
- Greatly improved disease and weed control.
- Landcare and the myriad of individual environmental initiatives.
- A pro-active residue-reduction program.
- A world-first on-farm quality assurance system - CATTLECARE® - focused on food safety and hide quality.

The recent acceleration in productivity growth on-farm has been greatly assisted by the joint industry/government commitment to R&D through the dollar for dollar matching funding program and the work of the CSIRO.

Furthermore, BTEC , which involved an industry/government investment of $800 million, has had major spin-off benefits to cattle genetics, feeding and husbandry throughout northern Australia.

Off-farm the industry has achieved considerable success in using collective industry funds on promotion, marketing and research to help improve market demand and access.

The Aussie Beef Campaign in Japan has been particularly successful, dramatically helping to lift the number of Japanese supermarkets and department stores which permanently provide shelf-space for Australian beef. This initiative is currently being copied by Australia's competitors..

The industry's campaign on nutrition in the domestic market is also seen as a leader in its field and as phenomenally successful. One such campaign, the 'iron campaign', focussed on beef as the best source of iron and the health of young Australians, particularly women and girls. The campaign led to over a 20 per cent increase in womens' perception to beef as the best source of iron.

Despite this history of efficiency, change, innovation and investment, particularly since 1980-81, the beef industry today is on a knife-edge. It seems that for every major advance made by the industry in areas within its control, it is more than matched by adverse developments across the environment within which the industry must work, particularly those influenced by government policies.

Why have beef farm returns been steadily eroded and losses incurred year after year despite impressive lifts in on-farm productivity and efficiency?

Many of the reasons lie in the policies which discourage community saving and have maintained high real interest rates, the high taxation rate applied to export industries and the failure of other sectors of the Australian economy such as processing, transport, handling and Government services to match the productivity evident on-farm and in competing Pacific Basin countries.

The beef industry relies on export markets for 65 per cent of its returns and, as such, its fortunes depend critically on improving trade access and matching (or exceeding) productivity improvements overseas, particularly in New Zealand and the United States.

While it can be clearly demonstrated that Australian producers have maintained the edge on-farm, the rate of reform and efficiency progress in the processing, transport and handling and service industries is glacial when compared to world best practice or to the continued improvements being made in our major competitor countries, particularly New Zealand.

Similarly, Australia's large domestic market for beef has suffered as inefficiencies in processing, transport, handling and services have seen a blow-out in off-farm costs resulting in higher prices to consumers and much lower real prices to cattle producers. Since the June quarter 1988 (when the latest cost inflation began), the beef price at the farm-gate remained stagnant while off-farm costs rose 54%. As a result, the producers' share of the retail beef dollar in 1995 was only 47% compared to 58% in 1988. This has contributed to the long-term decline in beef consumption.

The beef cattle industry is as vital to the survival of Australia as it was for the first settlers in 1788. The industry remains an engine room for much of the growth in rural Australia.

The cattle industry is central to the viability of many rural towns, particularly in remote areas of Australia. Its decentralised nature provides national and social benefits even beyond its sheer size due to its impact on the utilisation of State and national infrastructure.

HERALD SUN (MELB) 1st Edition
Thursday 15 October, 1998 Page : 32 Attachment F

It's cheaper Down Under

LONDON — Australia is one of the cheapest places to shop in the developed world.

Northern Europe is the most expensive, according to a survey by the Paris-based Organisation for Economic Co-operation and Development.

Australia comes 21st in a table of 24 countries comparing the prices of a range of goods and services.

Only New Zealand, Portugal and Turkey are cheaper, the OECD research shows.

Shoppers in Australia and New Zealand pay almost a third less for a basket of items than northern Europeans.

People in Turkey can buy them for less than half what a British consumer would pay.

Denmark and Norway head the list, closely followed by Switzerland, Iceland, Sweden and Finland.

Japan, in fourth place, was the only non-European country in the top eight. Britain was eighth.

The United States was ranked the 14th most expensive country, just ahead of Ireland in 15th place.

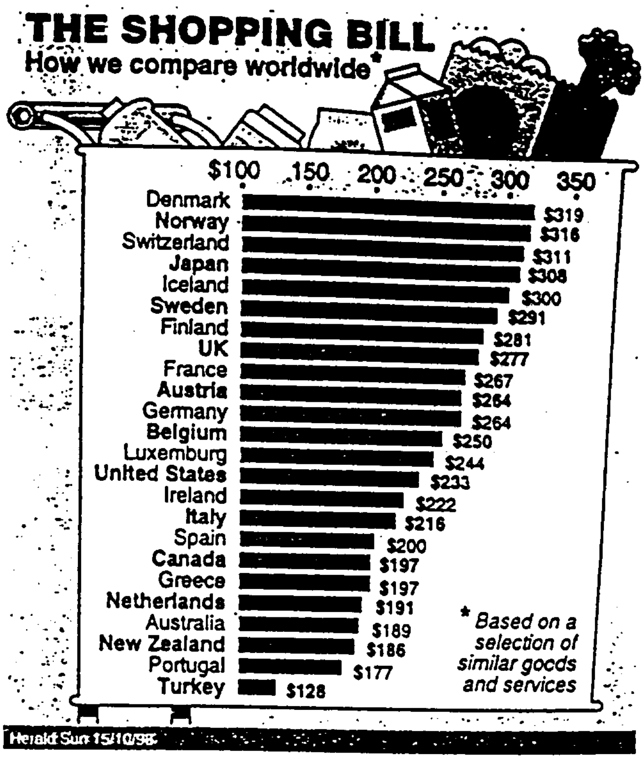
The selection of typical purchases included food items such as stewing steak, butter, tea bags and fresh fruit; other items such as clothing and electrical goods, and services such as hairdressing and dry cleaning.

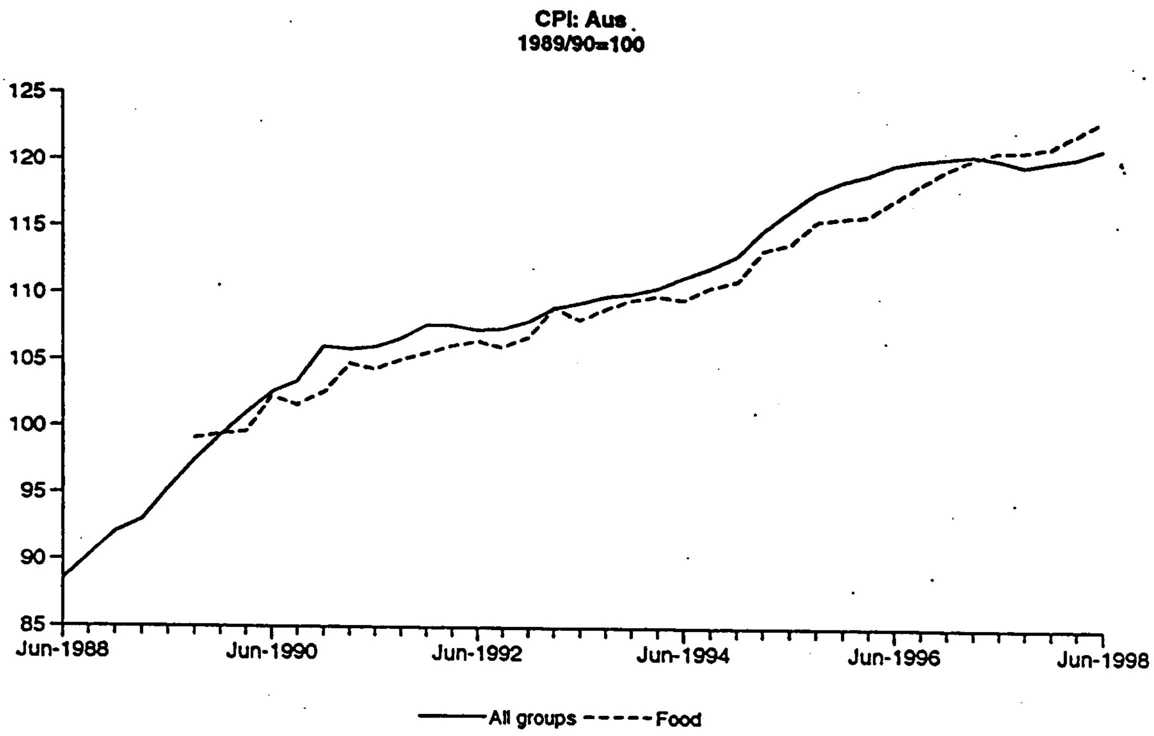
Figures for each country are adjusted to take account of inflation and to give a more accurate picture of shoppers' purchasing power.

The survey appears to add weight to claims that British retailers are making hefty profits at the expense of shoppers.

It follows a UK Office of Fair Trading report that showed many giant supermarket chains had profit margins triple those of comparable US and European chains.

But London-based analyst Bill Robinson said the findings would have been influenced to a degree by the strong pound, which makes those countries with weaker currencies appear cheaper by comparison. - DAILY MAIL





Summary: Total minutes worked by State and Australia

	Minutes of work needed to purchase 1972	Minutes of work needed to purchase 1992	Minutes of work needed to purchase 1995	Minutes of work needed to purchase 1996	Minutes of work needed to purchase 1997_98
Sydney	253.73	203.81	201.11	199.66	202.24
Melbourne	265.11	213.08	199.25	203.51	203.44
Brisbane	268.50	224.41	222.12	221.74	213.45
Adelaide	271.80	211.74	207.50	202.40	203.86
Perth	266.30	207.92	198.68	200.57	190.97
Hobart	299.58	240.21	232.06	231.26	218.65
Australia	266.85	210.35	206.62	206.78	199.72

Attachment G

Groceries: Competition fact sheet

The supermarket business is extremely competitive in Australia. There is a better range of fresh and dry food on offer, better stores in terms of access and location. **Food is actually cheaper now in real terms than it was 25 years ago.**

For example, Coles has tracked an identical basket of groceries for 25 years. It shows that consumers are paying less today, in real terms, than they were 25 years ago.

Coles compares average, after tax, earnings with this basket of groceries and calculates how many minutes work is required to purchase them. The food basket contains 15 items and today, costs around $45.

In 1972 it took an average wage earner nearly **four and a half-hours** (267 minutes) to purchase them. **Today** the same basket takes the same average wage earner only **three hours and twenty minutes** (199 minutes). More than one hour less!

This is a **25%** reduction in time worked to purchase the same groceries.

Looked at another way, it equates to a 25% increase in purchasing power for consumers in buying these groceries.

In dollar terms it means something in the order of a $12 saving for this basket of groceries. (Ie a 25% reduction in the basket price)

The basket of goods consists of the following and includes average prices paid for them in Melbourne in June. All figures and prices are ABS.

Eggs: $2.72, rice: $1.53, milk: $1.35, tea: $2.34, laundry detergent: $4.86, jam: $2.29, sugar: $2.11, tinned peaches: $1.99, 1 Kg sausages: $3.37, I Kg rump steak: $10.31, 250 gram bacon $3.14, 1 Kg flour: $3.30, bread: $1.89, butter: $2.04 and cheese: $3.37. ***Total $46.61***

ABS data

ABS data over the last ten years shows that food prices are in–line with CPI movements (See graph 1) which increased by some 21% over the period.

Average weekly earnings over the same period have grown by 44%, or more than twice the rate of CPI. **ABS data therefore confirm** the Coles study that relative to average weekly earnings, **groceries are cheaper than they used to be.**

Competition and efficiency gains by food producers, manufacturers and retailers have contributed to lower food prices for consumers compared to 10 and 25 years ago.